

FILED IN THE
U.S. DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON

Jul 19, 2022

SEAN F. MCAVOY, CLERK

1 Vanessa R. Waldref
2 United States Attorney
3 Eastern District of Washington
4 Dan Fruchter
5 Tyler H.L. Tornabene
6 Assistant United States Attorneys
7 Post Office Box 1494
8 Spokane, WA 99210-1494
9 Telephone: (509) 353-2767
10

11 UNITED STATES DISTRICT COURT
12 FOR THE EASTERN DISTRICT OF WASHINGTON
13

14 UNITED STATES OF AMERICA,

2:22-CR-84-TOR

15 Plaintiff,

INDICTMENT

16 v.

Vio: 18 U.S.C. § 1343

Wire Fraud

(Counts 1-6)

17 STEPHEN LAWRENCE MURPHY,
18 STEPHANIE BROCK MURPHY
19 (a/k/a "Stephanie Diane Brock"),

18 U.S.C. § 287

False, Fictitious, or Fraudulent
Claims

(Counts 7-9)

20 Defendants.
21
22
23

18 U.S.C. § 981

28 U.S.C. § 2461

Forfeiture Allegations

24 The Grand Jury charges:

25 GENERAL ALLEGATIONS

26 1. At all times relevant to this Indictment, the Defendants, STEPHEN
27 LAWRENCE MURPHY and STEPHANIE BROCK MURPHY (a/k/a "Stephanie
28 Diane Brock"), were residents of Davenport, Washington, within the Eastern

INDICTMENT – 1

1 District of Washington.

2 2. The Coronavirus Aid, Relief, and Economic Security Act (“CARES”
3 Act) was a federal law enacted on March 27, 2020, designed to provide emergency
4 financial assistance to the millions of Americans who were suffering the economic
5 effects caused by the COVID-19 pandemic. One source of relief provided by the
6 CARES Act was the authorization of forgivable loans to small businesses for job
7 retention and other certain expenses, through a program referred to as the Paycheck
8 Protection Program (“PPP”).

9 3. In order to obtain a PPP loan, a qualifying business was required to
10 submit a PPP loan application signed by an authorized representative of the
11 business. The PPP loan application required the business (through its authorized
12 representative) to acknowledge the program rules and make certain affirmative
13 certifications in order to be eligible to obtain the PPP loan. In the PPP loan
14 application, the applicant (through its authorized representative) was required to
15 state, among other things: (a) its average monthly payroll expenses; and (b) its
16 number of employees. If the applicant had no employees other than the owner, the
17 applicant was required to provide the gross income amount from a 2019 or 2020
18 IRS Form 1040, Schedule C. These figures were used to calculate the amount of
19 money the small business was eligible to receive under the PPP. Additionally, the
20 applicant was required to certify that they were in operation as of February 15,
21 2020. The applicant was also required to certify that the information in the
22 application was true and correct to the best of the applicant’s knowledge.

23 4. A business’s PPP loan application was received and processed, in the
24 first instance, by a participating lender. If a PPP loan application was approved,
25 the participating lender funded the PPP loan using its own monies. Data from the
26 application, including information about the borrower, the total amount of the loan,
27 the listed number of employees, and the gross income amount, was transmitted by
28 the lender to the Small Business Administration (“SBA”), an agency of the United

1 States, in the course of processing the loan.

2 5. PPP applications are received in cloud-based platforms. The location
3 of the server through which the PPP application is submitted is based on the date
4 the application was processed by the SBA and the application number. During the
5 time period relevant to this Indictment, all PPP applications were received through
6 the Summit platform, a cloud-based platform utilizing the AWS GOV cloud
7 servers located in Oregon. PPP lenders submitted disbursement details into the
8 SBA E-Tran system in Sterling, Virginia. E-Tran transmitted the PPP processing
9 fee to the lender through the United States Treasury's Financial Management
10 System (FMS) to the Treasury. The primary server for FMS is in Sterling,
11 Virginia.

12 The Scheme

13 6. The allegations in paragraphs 1 through 5 of this Indictment are
14 incorporated as though realleged herein.

15 7. Beginning no later than on or about September 11, 2020, and
16 continuing through at least September 8, 2021, in the Eastern District of
17 Washington and elsewhere, Defendants STEPHEN LAWRENCE MURPHY and
18 STEPHANIE BROCK MURPHY devised and intended to devise a scheme to
19 defraud the SBA, and to obtain money and property by means of materially false
20 and fraudulent pretenses, representations, and promises.

21 8. Specifically, Defendant STEPHANIE BROCK MURPHY applied for
22 and received two PPP loans, using false and fraudulent information about her
23 purportedly active company in her own name, that is, "Stephanie Murphy," a
24 purported wood products manufacturing company, with the intent to defraud, steal,
25 and convert the proceeds of the PPP Loans for Defendants' personal use and
26 without any intent to use the proceeds thereof for any authorized purpose, or any
27 intent to repay the PPP Loans.

1 9. Defendant STEPHEN LAWRENCE MURPHY applied for and
2 received one PPP loan, using false and fraudulent information about his
3 purportedly active business in his own name, that is, "Stephen Murphy," a
4 purported landscaping services business, with the intent to defraud, steal, and
5 convert the proceeds of the PPP Loans for Defendants' personal use and without
6 any intent to use the proceeds thereof for any authorized purpose, or any intent to
7 repay the PPP Loans.

8 Manner and Means

9 It was part of this scheme that:

10 The Joint Capital One Checking and Savings Accounts

11 10. On or about September 11, 2020, Defendants STEPHANIE BROCK
12 MURPHY and STEPHEN LAWRENCE MURPHY opened a joint checking
13 account ending in 9587 at Capital One Bank, National Association, a federally-
14 insured financial institution (the "Joint Capital One Checking Account").

15 11. On or about March 1, 2021, Defendants STEPHANIE BROCK
16 MURPHY and STEPHEN LAWRENCE MURPHY opened a performance savings
17 account ending in 6375 at Capital One Bank, National Association, a federally-
18 insured financial institution (the "Joint Capital One Savings Account").

19 12. As part of the scheme, Defendants used the Joint Capital One
20 Checking Account and the Joint Capital One Savings Account to receive, access,
21 transfer, and obtain fraudulently-obtained funds received in the Eastern District of
22 Washington by means of the fraudulent scheme.

23 Paycheck Protection Program Loan No. 5015588605

24 13. On or about March 16, 2021, Defendant STEPHANIE BROCK
25 MURPHY submitted an application for PPP loan number 5015588605 to the SBA
26 under the name of her purported business in her own name, that is, "Stephanie
27 Murphy." Defendant STEPHANIE BROCK MURPHY listed the business address
28 as 44371 Miles Rd N., Davenport, Washington.

1 14. Defendant STEPHANIE BROCK MURPHY falsely and fraudulently
2 stated in the application for PPP loan number 5015588605 that her purported
3 business had been established on February 15, 2020, the exact last date by which a
4 business was required to have been in existence in order to qualify for PPP funds,
5 that it had one employee as of the date of the application, that its business was
6 manufacturing of wood products, and that its gross income for calendar year 2020
7 was \$100,000. Defendant STEPHANIE BROCK MURPHY provided her Social
8 Security Number (“SSN”) as the Employer Identification Number (“EIN”) for the
9 purported business. Defendant STEPHANIE BROCK MURPHY also submitted
10 an incomplete and fraudulent IRS Form 1040, Schedule C, in support of her
11 application, which falsely set forth her purported business’ income to be \$100,000.

12 15. Based on the false information she provided, Defendant STEPHANIE
13 BROCK MURPHY requested a PPP loan for the business in the amount of
14 \$20,833. Defendant STEPHANIE BROCK MURPHY provided the Joint Capital
15 One Checking Account as the business account of her purported company, and the
16 account into which to deposit the funds.

17 16. Defendant STEPHANIE BROCK MURPHY certified that the
18 information in the application was true and correct to the best of her knowledge,
19 under penalty of perjury and of other criminal penalties for false information.

20 17. These representations were materially false and fraudulent.
21 Defendant STEPHANIE BROCK MURPHY was not the owner of any active or
22 registered business as of February 15, 2020. Neither the Washington Department
23 of Revenue nor the Washington Employment Security Department have any
24 record, and the State of Washington Department of Revenue had not issued any
25 business license for, any business owned by Defendant STEPHANIE BROCK
26 MURPHY as of February 15, 2020. Accordingly, neither the purported wood
27 products manufacturing business nor Defendant STEPHANIE BROCK MURPHY
28 were eligible for any PPP funding.

1 18. PPP loan number 5015588605 was handled by Fountainhead SBF
2 LLC, a lending institution located in Lake Mary, Florida, on a delegated basis from
3 the SBA. Fountainhead SBF, LLC submitted disbursement details for this loan
4 into the SBA E-Tran system located in Sterling, Virginia.

5 19. On or about March 31, 2021, as a result of the fraudulent scheme
6 described above, and the materially false and fraudulent information supplied by
7 Defendant STEPHANIE BROCK MURPHY, Fountainhead SBF, LLC disbursed
8 \$20,833 in SBA PPP funding into the Joint Capital One Checking Account that
9 Defendants shared.

10 20. On or about August 26, 2021, Defendant STEPHANIE BROCK
11 MURPHY falsely and fraudulently requested loan forgiveness of the entire PPP
12 loan amount by falsely representing that the PPP loan proceeds had been used for
13 eligible uses and business expenses for the purported business, including the false
14 representation that \$17,400³³⁶ of the loan amount had been used for payroll expenses.

15 Paycheck Protection Program Loan No. 1741018703

16 21. On or about March 23, 2021, Defendant STEPHEN LAWRENCE
17 MURPHY submitted an application for PPP loan number 1741018703 to the SBA
18 in the name of his purportedly active company in his own name, that is, "Stephen
19 Murphy." Defendant STEPHEN LAWRENCE MURPHY listed the business
20 address as 44371 Miles Rd N, Davenport, Washington.

21 22. Defendant STEPHEN LAWRENCE MURPHY falsely and
22 fraudulently stated in the application for PPP loan number 1741018703 that his
23 business had been established on January 1, 2018, had one employee as of the date
24 of the application, that it was a landscaping services business, that the business had
25 earned \$100,000 in gross income in 2020, and that its average monthly payroll was
26 \$8,333.33. Defendant STEPHEN LAWRENCE MURPHY provided his SSN as
27 the EIN for the purported landscaping business, and supplied a blank IRS Form
28 1040, Schedule C form with his application. Based on that information, Defendant

1 STEPHEN LAWRENCE MURPHY requested a PPP loan for the business in the
2 amount of \$20,833.

3 23. Defendant STEPHEN LAWRENCE MURPHY certified that the
4 information in the application was true and correct to the best of his knowledge,
5 under penalty of perjury and of other criminal penalties for false information.

6 24. These representations were materially false and fraudulent.
7 Defendant STEPHEN LAWRENCE MURPHY did not have an active or
8 registered landscaping services business as of February 15, 2020, meaning that
9 neither the purported business nor Defendant STEPHEN LAWRENCE MURPHY
10 were eligible for any PPP funding, nor did Defendant STEPHEN LAWRENCE
11 MURPHY have gross income of \$100,000 for his fictitious purported landscaping
12 business. Additionally, neither the Washington Department of Revenue nor the
13 Washington Employment Security Department have any record of any business for
14 Defendant STEPHEN LAWRENCE MURPHY, and the State of Washington
15 Department of Revenue had not issued any business license for any business
16 owned by Defendant STEPHEN LAWRENCE MURPHY as of January 1, 2018, or
17 February 15, 2020. Accordingly, neither the purported landscaping services
18 business nor Defendant STEPHEN LAWRENCE MURPHY were eligible for any
19 PPP funding.

20 25. PPP loan number 1741018703 was handled by Harvest Small
21 Business Finance, LLC, a lending institution located in Laguna Hills, California,
22 on a delegated basis from the SBA. Harvest Small Business Finance, LLC,
23 submitted disbursement details for this loan into the SBA E-Tran system located in
24 Sterling, Virginia.

25 26. On or about April 14, 2021, as a result of the fraudulent scheme
26 described above, and the materially false and fraudulent information supplied by
27 Defendant STEPHEN LAWRENCE MURPHY, Harvest Small Business Finance,
28 LLC, disbursed \$20,833 into Defendants' Joint Capital One Savings Account. At

1 the time of the disbursement, the Joint Capital One Savings Account had a balance
2 of \$0.00. On or about that same day, April 14, 2020, Defendants transferred
3 \$20,000 of the fraudulently obtained funds to the Joint Capital One Checking
4 Account.

5 27. On or about September 8, 2021, STEPHEN LAWRENCE MURPHY
6 falsely and fraudulently requested loan forgiveness of the entire PPP loan amount
7 by falsely representing that the PPP loan proceeds had been used for eligible uses
8 and expenses, including the false representation that \$17,400 of the loan amount
9 had been used for payroll expenses.

10 Paycheck Protection Program Loan No. 3419228806

11 28. On or about April 12, 2021, Defendant STEPHANIE BROCK
12 MURPHY submitted an application for a Second Draw PPP under loan number
13 3419228806 to the SBA in the name of her purported wood products
14 manufacturing company. Defendant STEPHANIE BROCK MURPHY listed the
15 business address as 44371 Miles Rd N., Davenport, Washington.

16 29. Defendant STEPHANIE BROCK MURPHY falsely and fraudulently
17 stated in the application for PPP loan number 3419228806 that her purported wood
18 products manufacturing company had been established on February 15, 2020, that
19 it had one employee as of the date of the application, that its gross income for
20 calendar year 2020 was \$100,000, and that its average monthly payroll was
21 therefore \$8,333.33. Defendant STEPHANIE BROCK MURPHY again provided
22 her SSN as the EIN for the business, and again also supplied a false, incomplete,
23 and fraudulent IRS Form 1040, Schedule C with her application stating that her
24 business' gross income for calendar year 2020 was \$100,000. Based on that
25 information, Defendant STEPHANIE BROCK MURPHY requested a second draw
26 PPP loan for the business in the amount of \$20,833 into the Joint Capital One
27 Checking Account, which Defendant STEPHANIE BROCK MURPHY set forth as
28 the business account.

30. Defendant STEPHANIE BROCK MURPHY certified that the information in the application was true and correct to the best of her knowledge, under penalty of perjury and of other criminal penalties for false information.

31. These representations were materially false and fraudulent. As set forth above, Defendant STEPHANIE BROCK MURPHY did not have was not an active, registered, or existing wood products manufacturing business as of February 15, 2020, meaning that neither Defendant STEPHANIE BROCK MURPHY nor her purported wood products manufacturing business were eligible for any PPP funding, nor did Defendant STEPHANIE BROCK MURPHY's fictitious business have gross revenue of \$100,000.

32. PPP loan number 3419228806 was handled by Fountainhead SBF, LLC, a lending institution located in Lake Mary, Florida, on a delegated basis from the SBA. Fountainhead SBF, LLC, submitted disbursement details for this loan into the SBA E-Tran system located in Sterling, Virginia.

33. On or about April 28, 2021, as a result of the fraudulent scheme described above, and the materially false and fraudulent information supplied by Defendant STEPHANIE BROCK MURPHY, Fountainhead SBF, LLC, disbursed \$20,833 into the Joint Capital One Checking Account that Defendants shared.

34. On or about August 26, 2021, STEPHANIE BROCK MURPHY falsely and fraudulently requested loan forgiveness of the entire PPP loan amount by falsely representing that the PPP loan proceeds had been used for eligible uses and expenses, including the false representation that \$14,000 of the loan amount had been used for payroll expenses.

Counts 1-6

35. The allegations in paragraphs 1 through 34 of this Indictment are incorporated as though realleged herein.

36. On or about each of the dates set forth below, in the Eastern District of Washington and elsewhere, Defendants STEPHEN LAWRENCE MURPHY

and STEPHANIE BROCK MURPHY, for the purpose of executing the scheme described above, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

Count	Date	Description
1	March 16, 2021	PPP Loan Application No. 5015588605, electronically submitted from the Eastern District of Washington to the SBA in Oregon.
2	March 31, 2021	EFT payment of \$20,833.00 for PPP Loan No. 5015588605 from Fountainhead SBF, LLC, in Lake Mary, Florida, to the Joint Capital One Checking Account located in the Eastern District of Washington.
3	March 23, 2021	PPP Loan Application No. 1741018703, electronically submitted from the Eastern District of Washington to the SBA in Oregon.
4	April 14, 2021	EFT payment of \$20,833.00 for PPP Loan No. 17410187003 from Harvest Small Business Finance, LLC, in Laguna Hills, California, to the Joint Capital One Savings Account located in the Eastern District of Washington.
5	April 12, 2021	PPP Second Draw Loan Application No. 3419228806, electronically submitted from the Eastern District of Washington to the SBA in Oregon.
6	April 28, 2021	EFT payment of \$20,833.00 for PPP Loan No. 3419228806 from Fountainhead SBF, LLC, in Lake Mary, Florida to the Joint Capital One Checking Account in the Eastern District of Washington.

All in violation of 18 U.S.C. § 1343.

Count 7-9

37. The allegations in paragraphs 1 through 36 of this Indictment are incorporated as though realleged herein.

38. On or about each of the dates set forth below, in the Eastern District of Washington and elsewhere, Defendants made and presented to the United States

Small Business Administration claims concerning PPP applications, knowing said claims were false and fraudulent, and knowing the information submitted was materially false and fraudulent, described below for each count, each transmission constituting a separate count:

Count	Defendant	Date	Description
7	STEPHANIE BROCK MURPHY	March 16, 2021	PPP application for PPP Loan No. 5015588605 on behalf of Defendant STEPHANIE BROCK MURPHY's fictitious wood products manufacturing business for an PPP loan in the amount of \$20,833.00.
8	STEPHEN LAWRENCE MURPHY	March 23, 2021	PPP application for PPP Loan No. 1741018703 on behalf of Defendant STEPHEN LAWRENCE MURPHY's fictitious landscaping services business for an PPP loan in the amount of \$20,833.00.
9	STEPHANIE BROCK MURPHY	April 12, 2021	PPP application for PPP Loan No. 3419228806 on behalf of Defendant STEPHANIE BROCK MURPHY's fictitious wood products manufacturing business for a second-draw PPP loan in the amount of \$20,833.00.

All in violation of 18 U.S.C. § 287.

NOTICE OF FORFEITURE ALLEGATIONS

The allegations contained in this Indictment are hereby realleged and incorporated herein by this reference for the purpose of alleging forfeitures.

Pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), upon conviction of an offense in violation of 18 U.S.C. §§ 1343 and 1344 as alleged in Counts 1 through 6 of this Indictment, Defendants STEPHEN LAWRENCE MURPHY and STEPHANIE BROCK MURPHY shall forfeit to the United States

1 any property, real or personal, which constitutes or is derived from proceeds
2 traceable to the offense. The property to be forfeited includes, but is not limited to,
3 the following:

4 MONEY JUDGMENT

5 A sum of money equal to \$62,499.00 in United States currency,
6 representing the amount of proceeds obtained by Defendants,
7 STEPHEN LAWRENCE MURPHY and STEPHANIE BROCK
MURPHY from the wire fraud violations.

8 If any of the property described above, as the result of any act or omission of
9 Defendants STEPHEN LAWRENCE MURPHY and STEPHANIE BROCK
10 MURPHY:

- 11 (a) cannot be located upon the exercise of due diligence;
- 12 (b) has been transferred or sold to, or deposited with, a third party;
- 13 (c) has been placed beyond the jurisdiction of the court;
- 14 (d) has been substantially diminished in value; or
- 15 (e) has been commingled with other property which cannot be divided
16 without difficulty,

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1 The United States shall be entitled to forfeiture of substitute property pursuant to 21
2 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C.
3 § 2461(c).

4
5 DATED this 17th day of July, 2022.



11 Vanessa R. Waldref
12 Vanessa R. Waldref
13 United States Attorney

14 Dan Fruchter
15 Dan Fruchter
16 Assistant United States Attorney

17 Tyler H.L. Tornabene
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19 Assistant United States Attorney